

The Driving Force of Micro Small and Medium Enterprise (MSME) Transition to Digital Marketing as a Solution to Increase Sales during the Covid-19 Pandemic

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Abstract. In the end of 2019, the world was attacked by COVID-19 pandemic. The pandemic has not only disrupted human health but also the economic condition. Many countries were forced to lockdown their territory to reduce the spread of this virus. Due to the COVID-19 pandemic, Micro and Small Medium Enterprises (MSME) have experienced considerable changes, for instance declining sales. It has caused some businesses to be forcedly closed for some time and reduced people's buying power; whereas, MSMEs play vital role in the Indonesian economy. One of the appropriate solutions to maintain MSMEs during the pandemic is using digital technology, particularly digital marketing. Digital marketing can be used independently with cheaper cost. However, with the advantages that digital marketing provides, there are still many MSMEs that have not transformed to using digital marketing. Thus, this is a great opportunity for the author to do research that is expected to explore the driving forces of SMEs in digital marketing transformation. Based on the results of a literature study, Technology Acceptance Model supported by The Do-It-Yourself Behavior Model has become the right model to encourage MSME owners or managers using digital marketing. The Technology Acceptance Model consisting of Perceived Ease of Use and Perceived Usefulness becomes the basis for MSMEs' motivation to do digital marketing. The Do-It-Yourself Behavior describes the positive impact of a digital marketing strategy performed independently and consists of Sense of Control, Fun & Excitement, and Self-Improvement.

Keywords: Digital Marketing, Micro and Small Medium Enterprise, Do It Yourself

1 Introduction

According to the data obtained by the Ministry of Union and Small and Medium-Sized Enterprises as illustrated in the following graph, small and medium-sized enterprises in Indonesia contributed more than 55% to the national economic sector between 2010 and 2019. Meanwhile, their contribution was higher than 37% amidst the Covid-19 pandemic [1]. Furthermore, based on the data obtained by Statistics Indonesia in 2018 explains that 97% of Indonesian workers (117 millions) are employed by small and medium-sized enterprises [2]. With such huge contribution to the GDP and significant role in absorbing labors, small and medium-sized enterprises hold an immense part in the national economy.

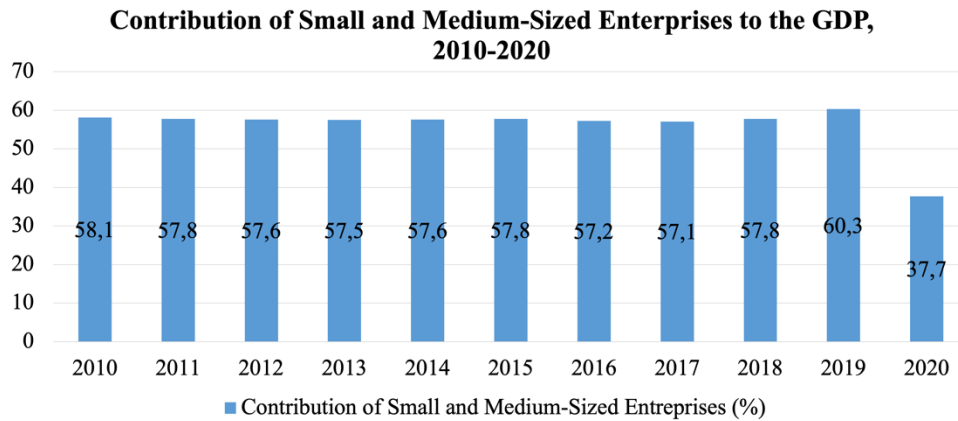


Fig. 1. Contribution of Small and Medium-Sized Enterprises to the GDP.

In the end of 2019, the world was shocked by a new disease called the Coronavirus Disease 2019 which is widely known by the name Covid-19. This disease possesses high transmission rate which limited humans' activities throughout the globe temporarily, including in Indonesia. The social restrictions enforced by the Indonesian government eventually affect the Small and Medium-Sized Enterprises.

According to the Ministry of Union and Small and Medium-Sized Enterprises, approximately small and medium-sized enterprises reported that the pandemic gives extremely serious impacts to their businesses. Around 56% of them experienced declines in their sales, whilst 22% of them encounter financial problems [3]. The pie chart below presents the changing rates of sales in small and medium-sized enterprises. It can be seen that 36.7% of 6405 units of small and medium-sized enterprises did not gain any sales, whereas over 55% of them has experienced declining sales rate [4]. This situation implies that the Covid-19 pandemic poses concerning impacts towards small and medium-sized enterprises which also affects their contributions to the national economy.

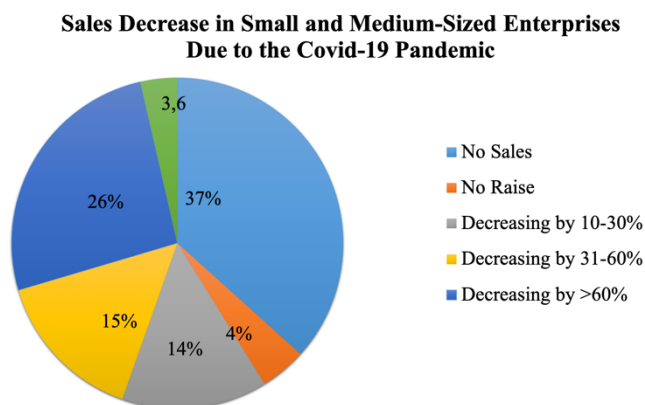


Fig. 2. Sales Decrease in Small and Medium-Sized due to the Covid-19 Pandemic

Excellent marketing strategies will boost sales. Digital marketing has become the only marketing strategy for enterprises to choose to survive in the Covid-19 pandemic [5]. These kinds of strategy offer plenty of advantages for small and medium-sized enterprises, from increasing sales to avoiding direct physical interactions with customers in order to prevent the spread of the virus transmission. This strategy is suitable for small and medium-sized enterprises or newly formed enterprises due to its lower operational cost, flexible working hours, and higher opportunities to reach global market [6].

The fact that more than 170 millions of Indonesians are now used to using social media platforms allows better implementation of digital marketing to boost sales [7]. Different from large-sized enterprises that are able to recruit staff specialized to operate digital marketing, most small and medium-sized enterprises must employ their own skills and efforts to do it. By implementing digital operation independently, owners of small and medium-sized enterprises are doing the do-it-yourself (DIY) for their marketing strategy [8].

The Ministry of Communication and Information disclosed that in 2020, only 9.4 millions of small and medium-sized enterprises which already transitioned to online marketing strategy. There were approximately 54.8 millions of the same kind that had not yet done the same to market their products and services [9]. This is considered as an obstacle [10] even though digital marketing is a solution to raise their sales amidst the pandemic. It allows small and medium-sized enterprises to gain positive impacts as well as supports from the government. As already stated by the Main Director of SMESCO, Leonard Theosabrata, the Ministry of Union and Small and Medium-Sized Enterprises have three big agendas, one of which is to convert the marketing strategy used by small and medium-sized enterprises from the traditional marketing to the digital one [11]. This study aims to discover driving factors that motivate owners of small and medium-sized enterprises to move to the digital marketing as well as its impacts.

2 Method

This research employs literature study approach to observe perceived ease of use and perceived usefulness as driving factors for small and medium-sized enterprises to use digital platforms to market their products. This study also observes sense of control, fun & excitement, and self-improvement as the impacts of the independent digital marketing.

3 Result and Discussion

Marketing is the most important aspect in a business. It covers all activities related to delivering products to consumers [12]. This strategy refers to the way enterprises utilize digital channels, such as social media platforms, to raise the brand awareness of their products [13]. A good marketing strategy will give significant impacts to the business growth.

Social media platforms are online media which offer ease in sharing and creating contents, including blogs, social networks, wiki, forum, and virtual world for its users [14]. It provides fun experiences and conveniences which make it not only interesting but also inseparable from humans' life. There are various social media platforms used by small and medium-sized enterprises to market their products. In terms of business world, social media platforms also give advantages, such as ease of access to customers' information and competitors' strategies, increasing brand awareness, etc. [15]. However, there are numerous small and medium-sized

enterprises that are yet unaware of the benefits they can get from promoting their products online through social media platforms.

The use of technology by humans is an exciting thing to study, thus, many models explain the use of technology by humans. The most frequently used is the Technology Acceptance Model, developed in 1989 by Fred Davis. TAM has been applied for various research on business. Therefore, TAM must also be able to explain the use of technology by MSMEs. TAM consists of two variables: perceived usefulness and perceived ease of use. The two variables can be a driving factor for MSMEs to use technology in promoting their products.

The decision-making carried out by MSMEs also illustrates individual decision-making, hence, the Do-it-yourself Behavior Model is necessary to explain the use of digital marketing by MSMEs [8]. DIY or do-it-yourself is generally used to describe ourselves making something. The DIY behavior model is employed because MSMEs can carry out digital marketing independently to save expenses and minimize dependence on other professionals.

The DIY model is used due to the similarity between someone who does DIY and the owner or manager of MSMEs who do digital marketing independently. The success of MSMEs relies on the ability of the MSME owners or managers, thus, the DIY model is suitable for MSMEs. However, the dependence on MSME owners or managers causes digital marketing to have several disadvantages such as consuming energy, time, and money to support the skills of MSME owners or managers [8]. There are three variables as the results of doing digital marketing independently: a sense of control, fun & excitement, and self-improvement.

3.1 Technology Acceptance Model

Technology is continuously developed to support humans' life with as little effort as possible. The use of technology is also required in improving small and medium-sized enterprises including their marketing growth. In this study, TAM is used a model to explain the driving factors for small and medium-sized enterprises to run digital marketing strategy. One will use an application if they believe that it will help them improve what they do. This is called as perceived usefulness variable which refers to the functions of the application.

The second variable used in this study is perceived ease of use which refers to convenience when one believes one can use an application easily. If an application can be operated easily, it will be accepted by the public [16]. Based on various empirical studies, TAM consistently explains people's behaviors and desires in using technology [17].

3.2 Antecedent Factors in Technology Acceptance Model

Four notions implemented in research are functions, conveniences, interest, and real technology use [8]. Conveniences include trust given by owner or manager of small and medium-sized enterprises that digital marketing offers convenience in the operation to achieve their business objectives. It can be carried out anytime and anywhere. Therefore, ease of operating digital marketing attracts owners and managers of small and medium-sized enterprises to employ the strategy.

Functions include trust given by owners or managers of small and medium-sized enterprises that using digital marketing strategy will improve their performance. For example, the use of technology can help owners and managers of small and medium-sized enterprises to reach wider market regardless time and space. Furthermore, the use of technology, such as social media platforms, can help small and medium-sized enterprises increase their brand awareness with as

little cost as possible [15]. All of the functions given by digital marketing make small and medium-sized enterprises attracted to it.

3.3 The Do-It-Yourself Behavior Model

Owners and managers of small and medium-sized enterprises usually operate their business without external help in order to reduce their operational cost hence the remaining marketing funds can be allocated to other necessities. The DIY behaviour model is suitable for small and medium-sized enterprises since the owners and managers are involved in the operation. Moreover, independent digital marketing can reduce owners or managers' dependence on other professionals. However, this behaviour model requires decent skills, and owners of small and medium-sized enterprises will have to allocate some funds to improve their skills [8].

The aforementioned funds refer to budget spent on experiments to figure out which online platforms that they can use to promote their products effectively in order to reach wider market or on self-improvement. The required skills in carrying out the DIY behaviour include operating, maintaining, and repairing. In this case, consumers' participation is needed as a support in the production plan. The impacts of this for the owners and managers of small and medium-sized enterprises are sense of control, fun & excitement, and self-improvement.

The fun and excitement show that someone involved in the DIY behaviour will be happy and entertained since the activities give them fun experience [8]. This behaviour offers opportunities for them to examine their skills and experience [18]. From transmission to digital marketing to efforts to follow the trends allow owners and managers of small and medium-sized enterprises to keep digging their self-potential.

3.4 The Results of Do-It-Yourself Behaviour Model

The variable as a result of the independent behaviour or the DIY behaviour is perception on sense of control, fun & excitement, and self-improvement. Sense of control is also important when someone uses their knowledge and self-potential to develop their business. This study investigates how sense of control obtained by owners or managers of small and medium-sized enterprises is used to control their independent product marketing since it allows small and medium-sized enterprises to supervise and control the development of their business in their accord. Therefore, owners and managers of small and medium-sized enterprises who use digital marketing will get sense of control of their business.

One of the factors that can bring up the fun and excitement from doing independent digital market is by solving problems emerged during the Covid-19 pandemic. In his study, Roland showed that here was a shift in the DIY behaviour from an economic act to a project done to increase the fun [19]. For that reason, owners and managers of small and medium-sized enterprises who use digital marketing can get the fun and excitement. Self-improvement occurs when owners or managers of small and medium-sized enterprises agree that the DIY behaviour can improve their skills and creativity in solving a problem in digital marketing [8]. Self-improvement occurs because digital marketing keeps evolving hence enterprises also need to grow along in order to win the tight competitions of digital marketing. Owners and managers of small and medium-sized enterprises who use digital marketing eventually also develop themselves.

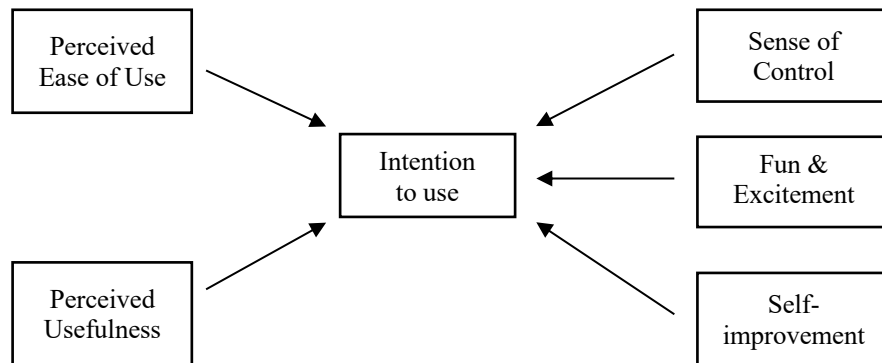


Fig. 3. Factors and Impacts of Digital Marketing

Although a lot of small and medium-sized enterprises have not yet moved to the digital marketing, there are at least 13% of the total registered small and medium-sized enterprises that have done it [20]. With the potential profits they can get, small and medium-sized enterprises expect that owners or managers can use technology in marketing their products or services. According to Figure 3, the vastly developing technology can provide convenience and functions in implementing digital marketing. After that, owners and managers of small and medium-sized enterprises can get sense of control, fun & excitement, and self-improvement.

4 Conclusion

In conclusion, the writer discovers two driving factors in the use of digital marketing by small and medium-sized enterprises, namely, the numerous advantages and the convenience in doing digital marketing and achieving their goals.

Furthermore, there are three impacts of the use of digital marketing by small and medium-sized enterprises. The first is sense of control which allows them to do digital marketing independently that they can control and supervise their business. The second factor is fun & excitement which allow them to have fun because using digital marketing can help them solve problems they may encounter. The last factor is self-improvement which allows them to use digital marketing to develop their self-potential. Further research is required to disclose the relations between factors.

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